

ST. MARYS CABLE TELEVISION
314 South Michael Street
St. Marys, PA 15857

April 18, 2005

Ms. Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

via electronic filing

Re: American Cable Association Petition for Rulemaking, RM-11203

Dear Ms. Dortch:

On behalf of St. Marys Cable Television, I write to express our strongest support for ACA's petition for rulemaking on retransmission consent. I operate an independent cable company that serves customers in smaller, rural areas, and I can verify that the petition accurately describes the upcoming retransmission consent crisis. Broadcasters, including those in my markets, have made it clear that they will force us to charge an additional \$5 to \$6 per subscriber per month for basic cable, to cover new demands of cash for carriage. ACA's solution to this problem is pro-competition, pro-consumer, and deregulatory. It will benefit the consumers served by my company and will help keep down the costs of basic cable.

Provided below is some information about my company and why we think the Commission needs to grant ACA's petition.

Company background

Our company is serves approximately 5,900 customers in the rural northwest portion of Pennsylvania.

We have invested in upgrading our system, have launched digital cable, and began offering broadband in our largest system. DBS competition has been a strong competitor in our markets, taking subscribers and making it difficult to increase rates. At the same time, programming costs have increased far ahead of inflation. I estimate that programming costs have increase by more than 27% per year for the last five years.

The broadcasters' demands for several more dollars per month presents a major problem. For example, WJAC, an NBC affiliate from Johnstown is asking for \$.20 a subscriber for the right to carry their signal. Based on this and other requests for cash for carriage I estimate that the cost of broadcast basic in my system will rise from \$13.30 to \$14.60, an increase of \$1.30 a month, and a 9.75% increase over what my customers are paying today. Because our margins are already stretched thin, we have no choice but to pass this cost onto our customers. They will be angry. Some will drop

our service. Those that do not will have to pay up to several dollars more for basic cable.

I also currently carry a distant NBC affiliated station, who has not asked for any cash compensation. WJAC has stated that if we don't pay them the \$.20 they have the right, and will enforce it, to require the distant NBC to stop granting us retransmission consent and force us to drop the distant NBC affiliate's signal. So as the regulations are currently written, I have no choice but to accept WJAC's offer and pass the additional \$.20 onto my customers.

Why we support ACA's Petition

Basically, all that ACA asks for is a right for us to shop and only when a broadcaster demands a price for retransmission consent. In my markets, I know this will work to lower the cost of retransmission consent for my customers.

First, I know that I could obtain network programming at a lower cost from other broadcasters. I can do this by receiving signals from neighboring markets.

Second, if the broadcasters in my market know alternatives exist, I am confident I will be able to negotiate a lower price. That works in every type of transaction, and it will work in retransmission consent.

As stated in the petition, the problem is not that broadcasters demand a "price" for retransmission consent. The problem is that they block our ability to find lower-cost alternatives. The petition shows how this problem will easily cost consumers and smaller cable operators upwards of \$1 billion next year. In my markets, broadcasters' demands will cost my company and our subscribers at least \$407,790 per year.

By making the limited changes requested by ACA, the Commission will bring some market discipline to retransmission consent "pricing." This will help to keep our costs down and will benefit our consumers.

Our concern for localism

As a final point, I want the Commission to know that we support local broadcasting and prefer to carry our local broadcasters. We currently provide 6 hours of local programming per day on our cable system. We understand the importance of local programming, but we also understand how much our customers are willing to pay for it. The problem is the higher prices being demanded by more and more owners of these stations. Most often the owners are based in corporate headquarters hundreds or thousands of miles away. Frankly, they don't care about localism. They just want our customers' money.

We fully support a fair exchange of value for carriage of local signals. But when broadcasters demand a "price," we need the ability to "shop" to get

a “price” that fairly reflects the value of the signal. Please act on ACA’s Petition as soon as you can.

Sincerely,

_____/s/_____
Ron Snelick
General Manager